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ANNUAL REPORT
1966

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES



AUTHORIZED CAPITAL 167,000 60¢ Cumulative Non-Callable Preference
Shares of no par value convertible into
Common Shares at the rate of 1 Common
Share for each Preference Share.
400,000 Common Shares of no par value.

ISSUED CAPITAL 167,000 Preference Shares.
202,400 Common Shares.

OFFICERS Robert D. Grant, President.
Stephen J. Suske, Vice President and General Manager.
William A. Reid, Secretary-Treasurer.

DIRECTORS Frederick A. Beck, Q.C., Toronto, Ont.
William E. N. Bell, Toronto, Ont.
Robert D. Grant, Toronto, Ont.
Francis D. Lace, Toronto, Ont.
William A. Reid, Woodstock, Ont.
Stephen J. Suske, Woodstock, Ont.
Ian S. Waldie, Toronto, Ont.

AUDITORS Clarkson, Gordon & Co., London, Ont.

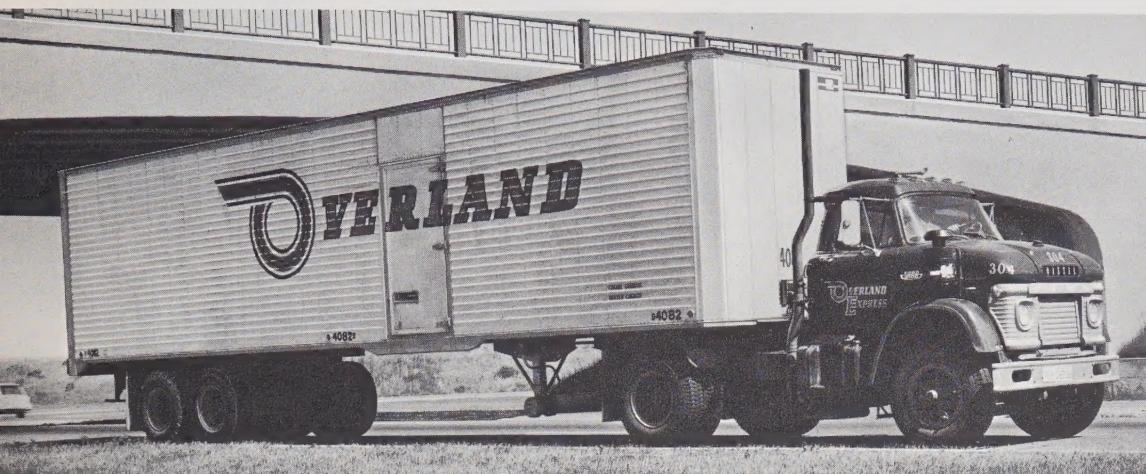
SOLICITORS White, Bristol, Beck & Phipps, Toronto, Ont.

TRANSFER AGENTS & REGISTRAR The Royal Trust Co., Toronto, Ont.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

DEC - 7 1967



FACTS IN BRIEF

	1966* October 29	1965 October 30	1964 October 31	1963 November 2	1962* October 27
Net freight revenue (total sales)	\$6,502,501	\$8,183,521	\$7,181,518	\$6,456,062	\$5,034,189
Net profit after taxes	\$ 81,220	\$358,927	\$395,658	\$304,991	\$102,766
Times Preferred dividend earned	.81	3.58	3.95	3.04	1.02
Earnings per Common share after Preferred dividend	(\$.09)	\$1.28	\$1.48	\$1.02	\$.01
Common Stock dividend per share	Nil	\$.30	\$.25	\$.10	Nil
Book value per share (including Preferred)	\$6.21	\$6.26	\$5.71	\$5.01	\$4.64
Salaries, wages and benefits	\$3,653,223	\$4,218,065	\$3,563,784	\$3,324,405	\$2,770,830
No. of full time employees at year-end	719	692	643	595	590
No. of Preferred shareholders at year-end	1,027	1,063	1,097	1,107	888
No. of Common shareholders at year-end	700	690	650	667	723
No. of tons transported	397,944	529,631	475,334	418,283	330,263
No. of shipments transported	321,996	484,109	489,320	475,012	433,879
Total mileage	6,799,635	9,364,419	8,608,651	7,428,952	6,578,551
Fuel taxes and licences	\$507,130	\$579,427	\$507,391	\$436,140	\$371,462
Equipment owned and operated:					
Trucks and Tractors	272	291	267	259	250
Semi Trailers	405	375	322	271	269
Miscellaneous	78	81	77	66	36

*1966 and 1962 figures affected respectively by fourteen week and seven week strikes.

THE OVERLAND EXPRESS LIMITED

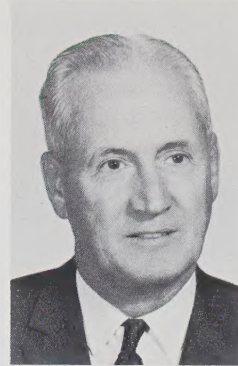
OVERLAND SALES ORGANIZATION



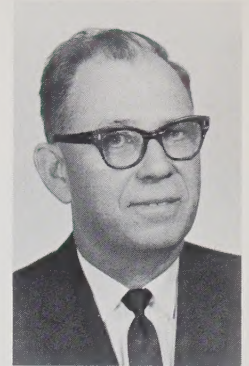
HOWARD W. RAWLINGS
Director of Sales and Traffic
Toronto



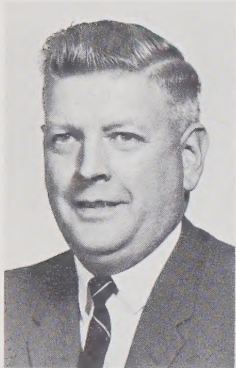
WILLIAM A. CAMERON
General Sales Manager
Toronto



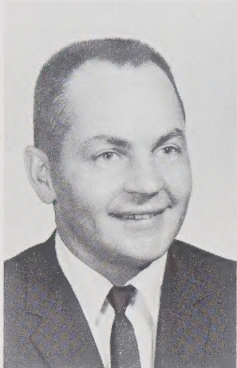
ALFRED H. NEALE
Traffic Manager
Toronto



CLARENCE E. HALES
Toronto



AL. E. ROSZELL
Toronto



JAMES F. MAHONEY
Toronto



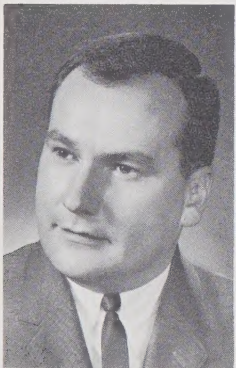
T. ALEX. RAY
Toronto



WILLIAM HALL
Toronto

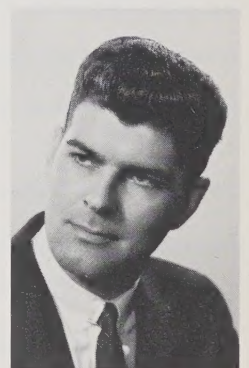


EDWARD A. LUNDY
Hamilton



RICHARD H. EDGEWORTH
Niagara Peninsula

These are the men that maintain a close liaison
between the shipping public and Overland.
With their wide experience in traffic matters they
contribute in a very substantial way to the
success of this Company.



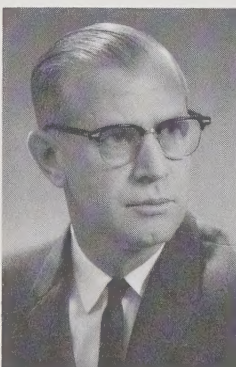
JAMES O. MacFARLANE
Kitchener, Galt,
Guelph Area



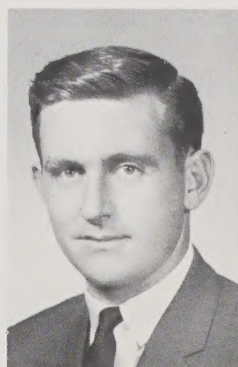
WILLIAM BENNETT
Woodstock,
Brantford Area



RICHARD L. RODGERSTON
London, St. Thomas Area



G. L. JOHNSTON
London, St. Thomas Area



PATRICK J. MCGUIRE
Windsor, Chatham,
Wallaceburg Area



KEN C. LEFLER
Detroit

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

DEC - 7 1967



TO THE SHAREHOLDERS, CUSTOMERS AND EMPLOYEES OF THE OVERLAND EXPRESS LIMITED:

December 1st, 1966

The 38th year of operations of your Company was frustrating in the early part of the year and encouraging in the latter part. Unfortunately, we were closed for 14½ weeks by a labour dispute but the 37½ weeks during which we operated were quite successful. This is by far the longest strike in the history of our dealings with the Teamsters Union and it is to be hoped that both sides learned from our unpleasant experience.

The Company was completely shut down from January 20th to May 2nd, 1966. Our traditional midyear Report to Shareholders as of May 14th, 1966 showed a loss of \$451,414 against a profit the year before of \$167,073 for the same period. After this date we started to pick up consistently, if at first somewhat slowly. We had lost some valuable customers as a result of the strike but we are very pleased to report that with a few exceptions, they have seen fit to return to us.

In the last 24 weeks of the year we were able to turn this large deficit into an \$81,220 profit after all expenses and taxes on a net freight revenue (total sales) of \$6,502,501. Although this is a small margin of profit, we feel that much credit is due to the employees of the Company for overcoming the strike-incurred deficit.

Our lengthy negotiations finally produced a three-year contract which expires September 30th, 1968. The increases in wages and fringe benefits included in the agreement seemed rather severe at the time of signing, but subsequent contract settlements throughout Canada followed a similar pattern.

Capital expenditure for the year was down considerably from last year's \$1,266,026 to \$404,830, 96.2% of this amount being spent on automotive equipment. It should be pointed out that 1965 capital expenditures were unusually large because of the construction of a new terminal in Detroit and heavy diesel purchases to complete our conversion program. Maximum allowable depreciation was charged on all capital assets and amounted to \$590,435, a decrease of \$52,401 over the previous year. Cash flow (profit plus depreciation) showed a decrease of \$330,108 to \$671,655. Working capital increased \$77,931 to \$314,912.

Our magnificent highway fleet has been maintained in top condition. Replacements were made during the year to ensure that we operate only the finest power units on the highway where we must always be conscious of our safety responsibilities to the travelling public.

Unfortunately, during the strike period a fire completely destroyed a rented building which housed our tire retreading operation in Woodstock. The machinery and over 200 tires, although lost, were completely covered by insurance. The fire was in no way connected with the strike.

Our three small subsidiary companies operated at a break-even point and their figures are consolidated with Overland in this report. There is a brief explanation of Hodgson-Taylor Company Limited operations on the last page of the report. The other two are G.W.A. Inc. which owns our Buffalo terminal and Oxford Tire Limited, a retail outlet which supplies us with certain automotive equipment, including tires.

Common stock dividends for the year were passed to preserve working capital but the regular preferred dividend was paid.

At this date we are one month into our new fiscal year and revenue is running 15% ahead of last year. Prospects are very good and we are confident that we will have a good year.

The support of our Directors, Shareholders and Employees continues to be a source of great strength. This support will ensure our continued success.

On behalf of the Board of Directors.

R. D. GRANT
PRESIDENT

THE OVERLAND EXPRESS LIMITED

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

CONSOLIDATED

OCTOBER 29, 1966

ASSETS

Current:

Cash	\$ 8,813	
Accounts receivable (net)	1,871,995	
Inventory of parts and supplies—at the lower of cost or market value	74,981	
Cash surrender value of life insurance	25,428	
Prepaid expenses	95,131	\$2,076,348

Fixed—at cost:

Land and roadways	\$ 367,706	
Buildings	1,904,388	
Furniture and equipment	475,260	
Automotive equipment	4,749,103	
	<u>\$7,496,457</u>	
Less accumulated depreciation	4,624,187	2,872,270

Franchises—at nominal value..... 1

On behalf of the Board

R. D. Grant, Director

W. A. Reid, Director

\$4,948,619

The accompanying "Notes to the Consolidated Financial

AUDITORS

To the Shareholders,
THE OVERLAND EXPRESS LIMITED.

We have examined the consolidated balance sheet of October 29, 1966 and the consolidated statements of profit and loss for the year ended on that date. Our examination included a general review of the accounting records and supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of profit and loss present fairly the financial position of the company at the end of the year then ended in accordance with generally accepted accounting principles as applied in Canada for the preceding year.

Our examination also included the accompanying consolidated statement of changes in working capital. In our opinion, when considered in relation to the foregoing, the consolidated statement of changes in working capital giving rise to changes in the working capital of the company is also presented fairly.

London, Canada.

November 28, 1966.

THE OVERLAND EXPRESS LIMITED

(Incorporated under the laws of Ontario)

AND SUBSIDIARY COMPANIES

BALANCE SHEET

October 29, 1966

LIABILITIES

Current:

Due to bankers—against which accounts receivable have been pledged—on demand loan	\$ 764,717	
—on overdraft	<u>163,370</u>	\$ 928,087
Accounts payable and accrued charges		633,621
Taxes payable		102,178
Deferred bank loan and mortgage principal payments due within one year		<u>97,550</u>
		<u>\$1,761,436</u>

Deferred:

Deferred bank loan and mortgages payable—note 1	\$ 992,533	
Less deferred bank loan and mortgage principal payments due within one year and included in current liabilities	<u>97,550</u>	894,983

Shareholders' equity:

Capital—note 2—

Authorized:

167,000 60c cumulative non-callable preference shares of no par value convertible into common shares at the rate of 1 common share for each preference share

400,000 common shares of no par value

Issued:

167,000 preference shares and

202,400 common shares

Earned surplus	\$ 75,600	
	<u>2,216,600</u>	<u>2,292,200</u>
		<u>\$4,948,619</u>

Notes" should be read in conjunction with this statement.

REPORT

Overland Express Limited and subsidiary companies as at loss and earned surplus for the year ended on that date. procedures and such tests of the accounting records and other ances.

t and consolidated statements of profit and loss and earned October 29, 1966 and the results of their operations for the ng principles applied on a basis consistent with that of the

ted statement of source and application of funds which in consolidated financial statements, presents fairly the factors or the year ended October 29, 1966.

CLARKSON, GORDON & CO.

Chartered Accountants.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS—YEAR ENDED OCTOBER 29, 1966

Net freight revenue (total sales)		\$6,502,501
Operating expenses excluding depreciation		<u>5,669,556</u>
Operating profit for year before deducting depreciation and interest on bank loans, notes and mortgages		\$ 832,945
Deduct:		
Depreciation	\$590,435	
Interest on bank loans, notes and mortgages	<u>96,290</u>	<u>686,725</u>
Profit for year before taxes on income		\$ 146,220
Taxes on income		<u>65,000</u>
Net profit for year		<u><u>\$ 81,220</u></u>

Directors' fees of \$600 have been deducted in arriving at the net profit for the year.

The accompanying "Notes to the Consolidated Financial Statements" should be read in conjunction with this statement.

CONSOLIDATED STATEMENT OF EARNED SURPLUS—YEAR ENDED OCTOBER 29, 1966

Balance October 30, 1965	\$2,235,580
Add net profit for year	<u>81,220</u>
	\$2,316,800
Deduct dividends on preference shares	<u>100,200</u>
Balance October 29, 1966	<u><u>\$2,216,600</u></u>

The accompanying "Notes to the Consolidated Financial Statements" should be read in conjunction with this statement.

THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED OCTOBER 29, 1966 — (with comparative figures for the year ended October 30, 1965)

	1966	1965	Increase or (decrease)
Working capital, beginning of year.....	\$ 236,981	\$ 415,100	\$(178,119)
Sources of funds:			
Operations—			
Consolidated net profit for the year....	81,220	358,927	(277,707)
Add depreciation.....	590,435	642,836	(52,401)
	<u>\$ 671,655</u>	<u>\$1,001,763</u>	<u>\$(330,108)</u>
Proceeds from sale of assets.....	\$ 9,673	\$ 27,275	\$(17,602)
Proceeds of mortgage.....		300,000	(300,000)
Proceeds from issue of capital stock.....		15,600	(15,600)
	<u>\$ 681,328</u>	<u>\$1,344,638</u>	<u>\$(663,310)</u>
Application of funds:			
Dividends paid to shareholders.....	\$ 100,200	\$ 160,840	\$(60,640)
Investment in automotive equipment.....	389,355	752,978	(363,623)
Investment in other fixed assets.....	15,475	513,048	(497,573)
Repayment or provision for repayment of de- ferred bank loan and mortgages payable	98,367	95,891	2,476
	<u>\$ 603,397</u>	<u>\$1,522,757</u>	<u>\$(919,360)</u>
Working capital, end of year.....	<u>\$ 314,912</u>	<u>\$ 236,981</u>	<u>\$ 77,931</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — OCTOBER 29, 1966

NOTE 1—DEFERRED BANK LOAN AND MORTGAGES PAYABLE

Particulars of deferred bank loan and mortgages payable at October 29, 1966 are as follows:

Deferred bank loan repayable \$5,000 per month.....		\$ 180,000
Mortgages—		
7¼% on which repayment has been waived for at least one year. . . .	\$ 15,000	
6%-7¼% repayable in monthly instalments of blended principal and interest totalling \$7,557 and due at varying dates from December, 1970 to August, 1985.....	797,533	812,533
		<u>\$ 992,533</u>
Less principal payments due within one year		97,550
		<u>\$ 894,983</u>

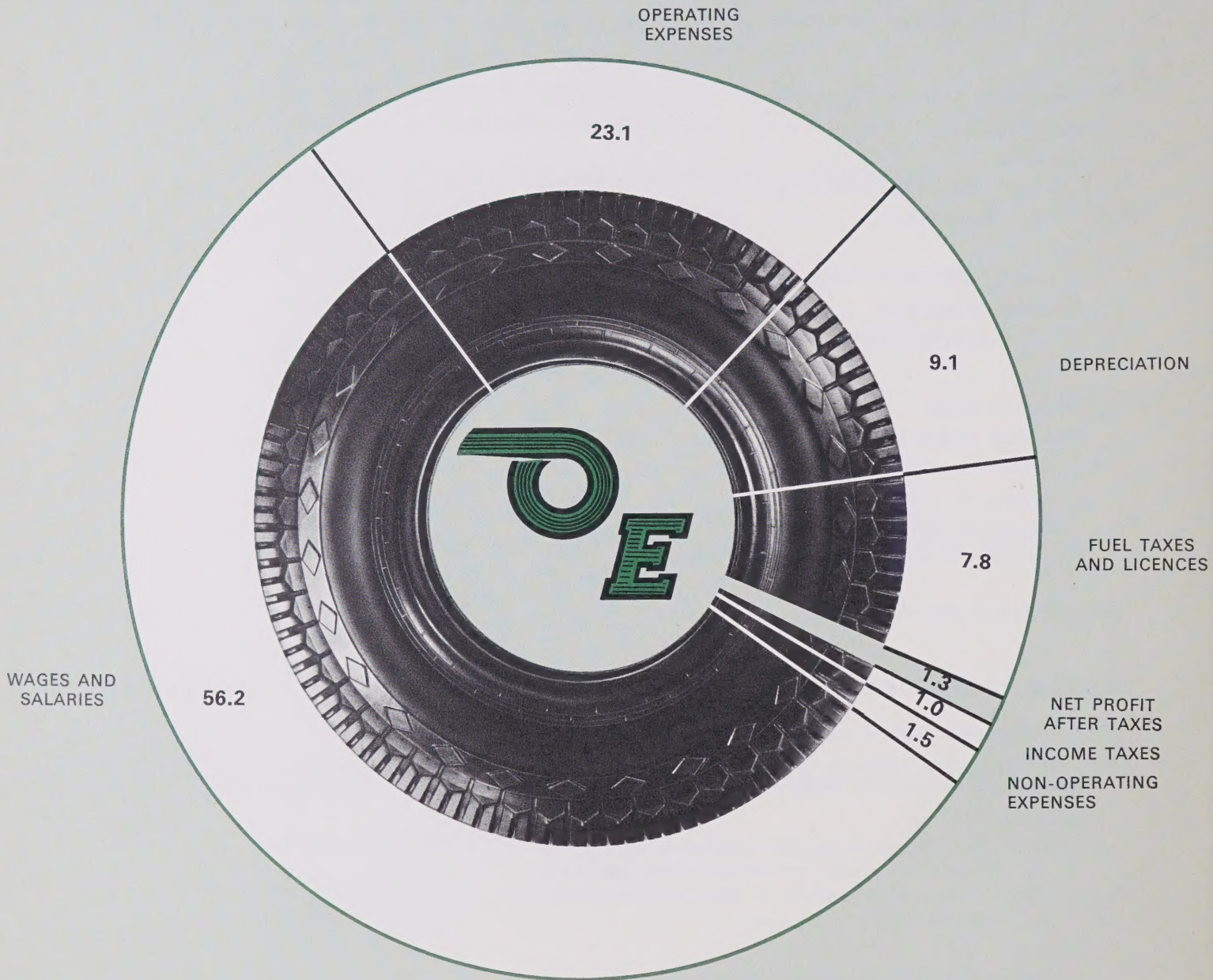
NOTE 2—CAPITAL STOCK

As at October 29, 1966 there were options outstanding to certain officers and other employees on 29,600 common shares of capital stock at \$6.50 per share. These options become exercisable to the extent of 6,400 shares each on January 1, 1964 to 1968 inclusive on a cumulative basis, and are subject to termination on January 1, 1969.

THE OVERLAND EXPRESS LIMITED

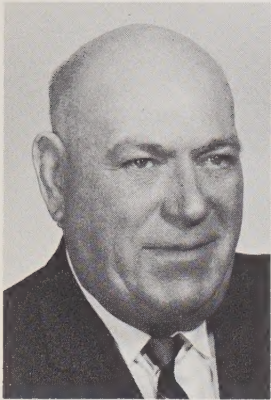
AND SUBSIDIARY COMPANIES

OUR 1966 REVENUE DOLLAR ...AND WHAT WE DID WITH IT!

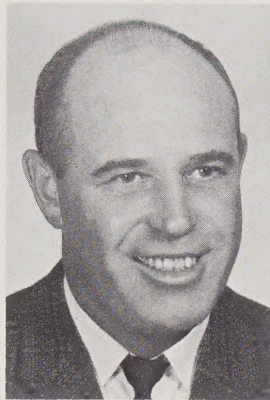


THE OVERLAND EXPRESS LIMITED

AND SUBSIDIARY COMPANIES



JAMES ROBERTSON

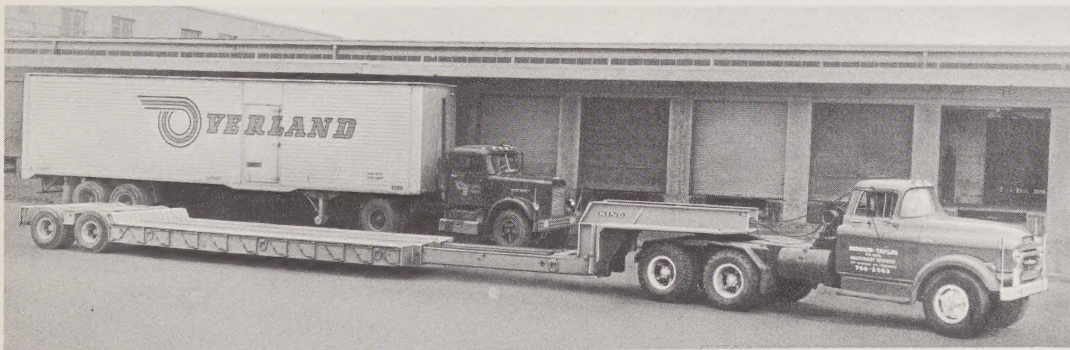


LEONARD OUGH

Hodgson-Taylor Company Limited

Overland's wholly-owned subsidiary Hodgson-Taylor Company Limited is one of Canada's oldest established Machinery Movers, dating back to 1890. Its business is dismantling, moving, and re-installing heavy equipment . . . machines, newspaper presses, safes, boilers and transformers. The company has been under the personal supervision of Mr. Jas. Robertson for the past 16 years. This wealth of experience and know-how, combined with the modern equipment pictured below and the additional personnel and vehicles of The Overland Express enables it to offer a unique service in this very specialized business. Its Provincial license authorizes it to operate not only in Toronto but also on moves between the Toronto area and any other point in Ontario.

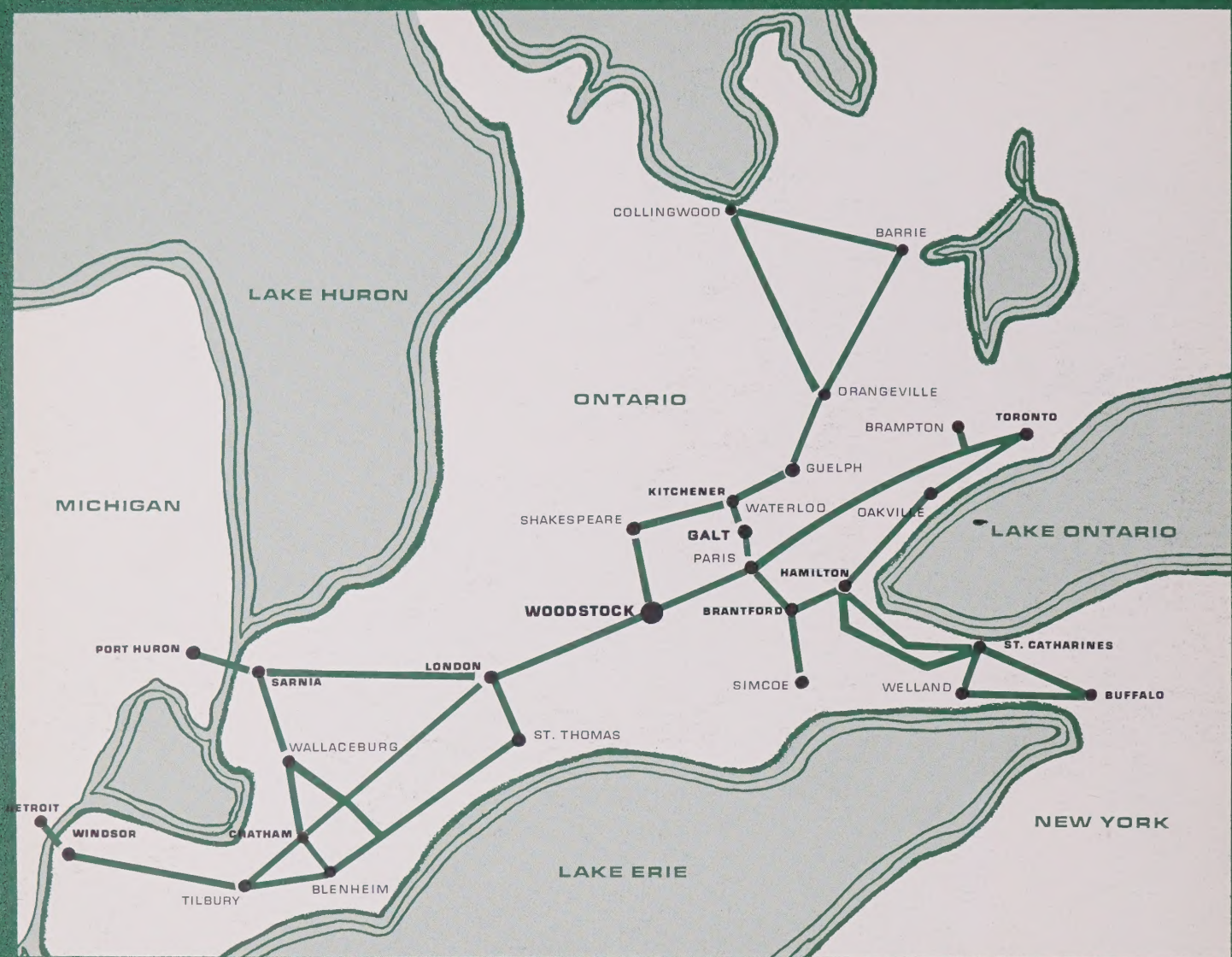
Our New Trombone Float



OPEN : Flat deck 41 ft., capacity 25 ton



CLOSED : Flat deck 22 ft., capacity 40 ton



ROUTES OF THE OVERLAND EXPRESS LIMITED